

**City of Alameda
Budget Study Session
October 25, 2011**



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Budget Presentation Outline

- Revised FY11-12 Forecast and 5-Year Forecast
- How Budget Gap Was Closed for FY11-12
- Fiscal Impacts of Budget Cuts for FY12-13
- Comparisons with Nearby Cities Regarding Funding Levels
- Discussion of Council Priorities for Closing the Gap for FY12-13

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Revised FY11-12 Budget and 5-Year Forecast

- Reflects continued weakness in economy and housing market
- Contains revised FY11-12 and FY12-13 estimates for franchise taxes, interest income, and VLF Fee revenues
- Includes a revised estimated FY11-12 fund balance
- The Mid-Year Report will provide a more detailed review of FY11-12 and its impact on FY12-13, including preliminary results from the cost allocation study

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General Fund 5-Year Forecast - After FY11-12 Reductions

Revised 5 Year Projections for FY11-12 through 15-16
(In Millions) - with reductions

	11-12	12-13	13-14	14-15	15-16
Revenues	\$ 66.6	\$ 67.7	\$ 70.5	\$ 72.6	\$ 74.8
Expenses	72.2	72.8	73.6	75.9	78.2
One-Time Funds	3.7	0.7			
Deficit For Year	\$ (1.5)	\$ (4.4)	\$ (3.1)	\$ (3.3)	\$ (3.4)
Ending Available Fund Balance	\$ 15.4	\$ 11.0	\$ 7.9	\$ 4.6	\$ 1.2
% of Expenses	21%	15%	11%	6%	2%

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General Fund Budget Overview

- 5-Year Plan incorporates the following assumptions:
 - Assumes revenue growth of 2-3% annually
 - Incorporates current Miscellaneous / Safety PERS rates
 - Assumes health and OPEB increases of 14% per year
(Will look to revise as actuals between 5-7% for FY11-12 and new OPEB study assumes rates increase 8-9.5%)
 - **Assumes no salary increases through FY15-16**
 - Assumes 2-3% increases for all non-personnel expenses resulting from inflation

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Addressing Budget Deficits FY11-12 Adopted Expenditure Reductions

General Government: \$328K

- City Attorney - \$100K
- City Council - \$48K
- City Manager - \$100K
- Information Technology - \$80K

Administrative Services: \$195K

- Finance - \$135K
- Human Resources - \$60K

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Addressing Budget Deficits FY11-12 Adopted Expenditure Reductions

(continued)

Public Safety

- Fire - \$800K
- Police - \$1.3M

Parks, Public Works, Library

- Parks and Recreation - \$325K
- Public Works - \$214K
- Library - \$153K

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Addressing Projected Budget Deficits Use of One-Time Funds

- Transfer unrestricted funds in CIP Discretionary Fund to General Fund – (\$2.56 Million for FY11-12, \$240K for FY12-13)
- Add back Golf contributions for six months – (\$290K – FY11-12 only)
- Receive repayment of loan to FISC Fund for public safety services – (\$480K for both FY11-12 and FY12-13)

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Addressing Projected Budget Deficits Use of Available Reserves

- **FY11-12 - \$1.54 million**

Projected Ending reserves of \$15.4 million – 21% -
Adheres to 20% reserve policy

- **FY12-13 - \$4.4 million (6.1% of FY12-13 expenses)**

Projected Ending reserves of \$11.0 million –
15% - Violates 20% reserve policy

Note: The use of reserves in FY12-13 is illustrative only and assumes that no additional reductions are made beyond those already planned.

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Closing the Gap for FY12-13 Expenditures

- Do we address the deficit through structural changes to our budget or through both structural and one-time fixes?
- Do we focus on program elimination/workforce reductions and/or items requiring employee contract negotiations?
- Do we employ across the board cuts, or should we be more surgical?

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Closing the Gap for FY12-13 Dollar Impact of Dept Reductions

	5%	10%
Police	\$ 1,325,000	\$ 2,650,000
Fire	1,127,000	2,254,000
Recreation/Parks	204,000	408,000
General Government	162,000	324,000
Administrative Services	161,000	322,000
Library (Transfers Out)	151,000	302,000
Capital Projects/Maint.	80,000	160,000
Non Departmental	62,000	124,000
Public Works	61,000	122,000
Total	\$ 3,333,000	\$ 6,666,000

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Closing the Gap for FY12-13 Expenditures

A. Structural Changes

- Focus on provision of core services
- Evaluate shared-service models with other jurisdictions and/or contracting out for services
- Consider reductions in workforce
- Reduce funding for non-core levels of service
- Eliminate programs

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Closing the Gap for FY12-13 Expenditures

(continued)

B. Negotiations with employee unions

- Furloughs
- Employee cost-sharing for PERS retirement
- Employee cost-sharing for health premiums
- Two-tier system for future employees for PERS and health
- Reductions in pay

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Closing the Gap for FY12-13 Revenues

- Should fees be raised based upon the revised cost allocation plan?
- Should the City poll residents to explore their support for different City revenue enhancement options?

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Closing the Gap for FY12-13 Revenues

(continued)

Increase Existing Taxes

1. Sales Tax – 8.75%
Increase .25%-.5% - \$930,000 to \$1.86 million
2. Utility User Tax – 7.5%
Increase of 1% - \$1.2 million
3. Transient Occupancy Tax – 10%
Increase of 1% - \$100,000
4. Property Transfer Tax – \$12 per \$1,000 of valuation
Increase by \$2 per \$1,000 - \$500,000 to \$700,000
5. Business Licenses – Rentals \$20/Unit, Other \$79-\$155
Increase by \$20 - \$340,000

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Closing the Gap for FY12-13 Funding Policies

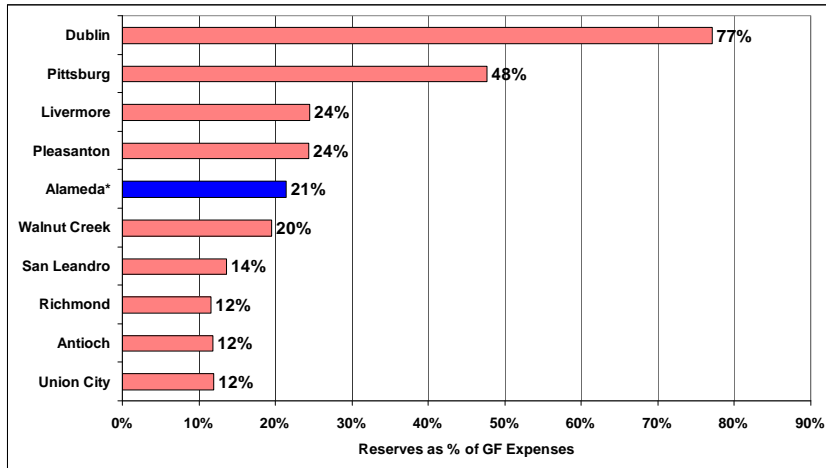
- Should the City reevaluate its current funding policies in areas such as reserves, OPEB, facility and equipment replacement.

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Funding Policies FY11-12 - General Fund Reserves / % of Expenses

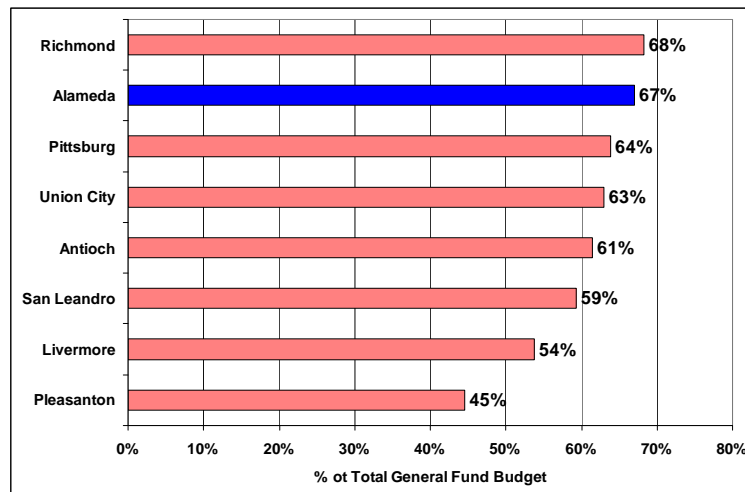


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Funding Policies FY11-12 - Public Safety as % of General Fund

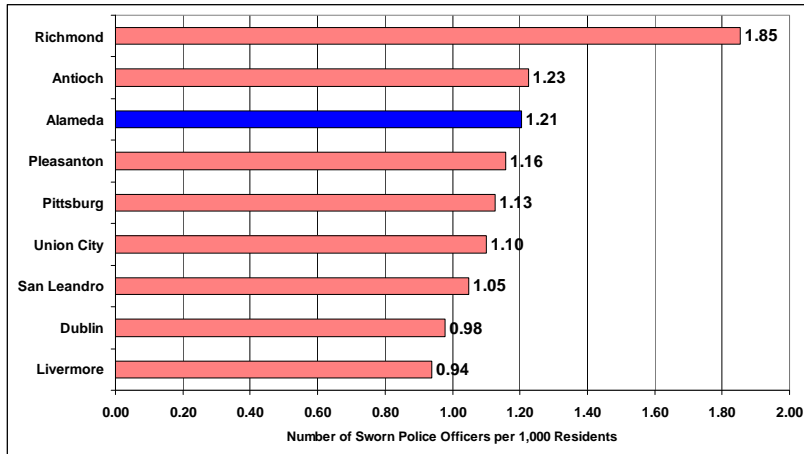


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Number Sworn Police Officers per 1,000 Residents FY11-12

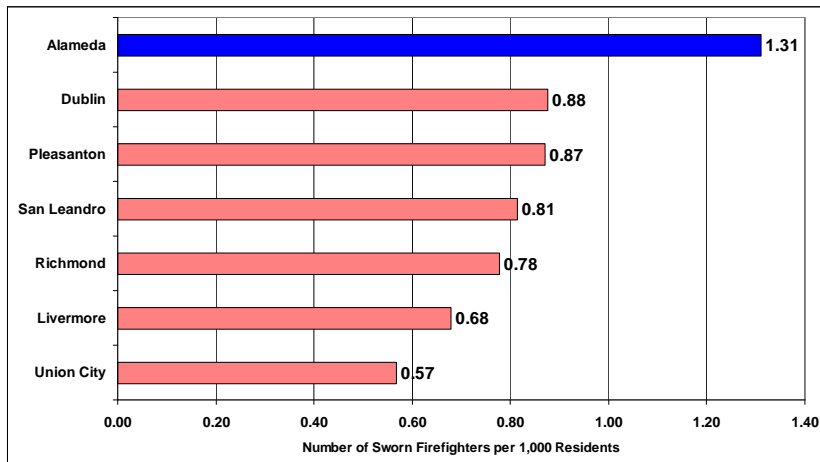


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Number Sworn Firefighters per 1,000 Residents FY11-12

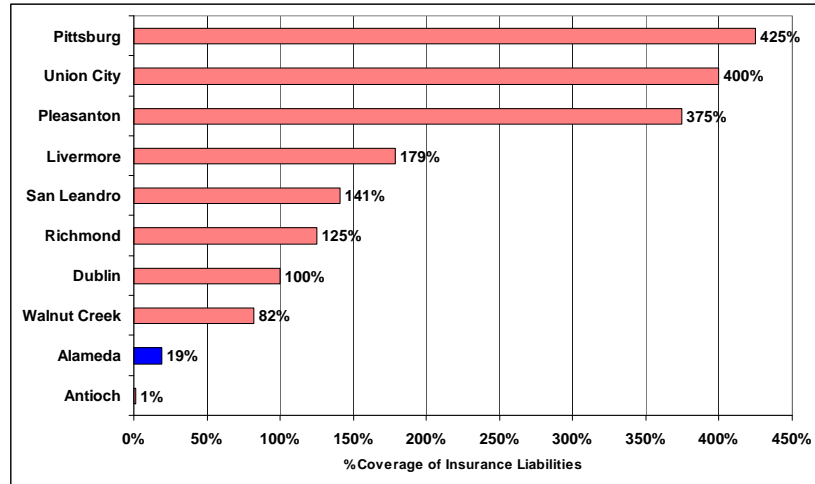


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Funding Policies FY09-10 – Insurance Reserves

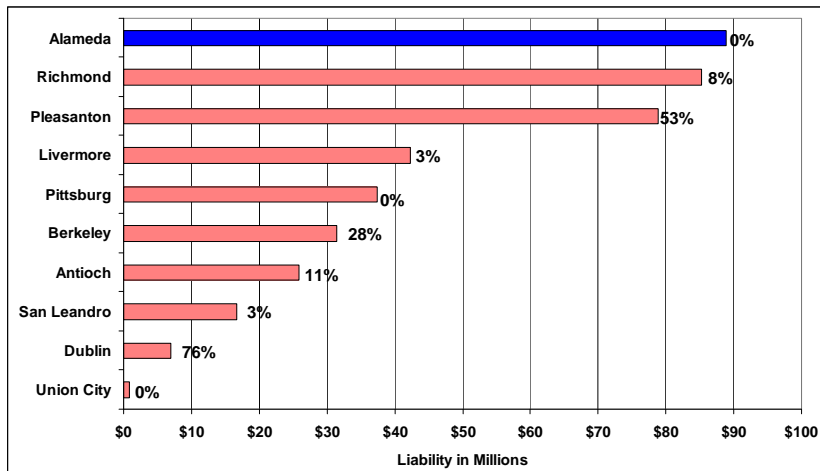


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Funding Policies FY09-10 - OPEB Liability / % Coverage

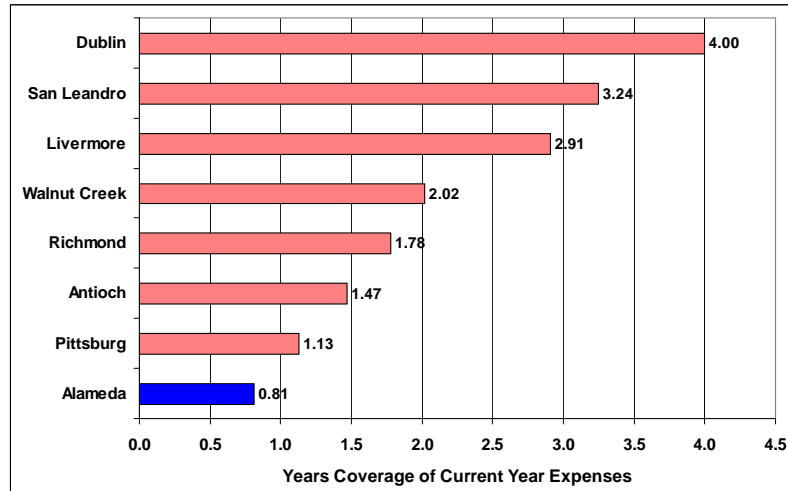


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Funding Policies FY09-10 - Equipment / Vehicle Replacement

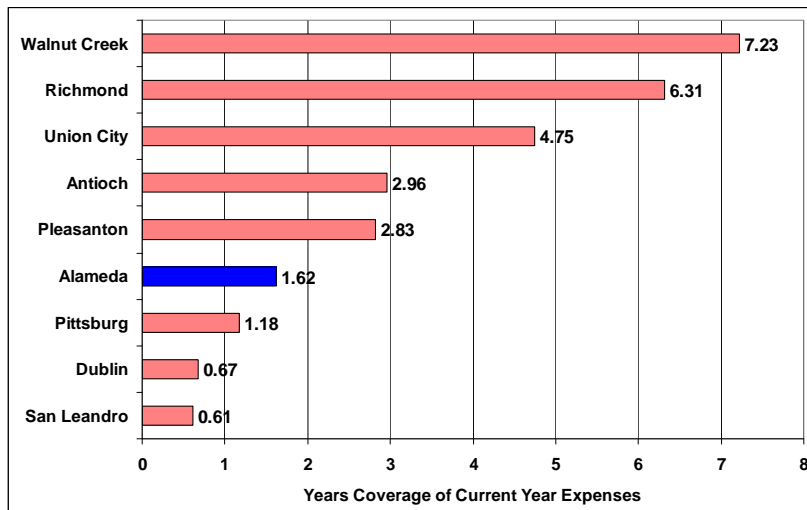


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Funding Policies FY09-10 - Street Related Reserves

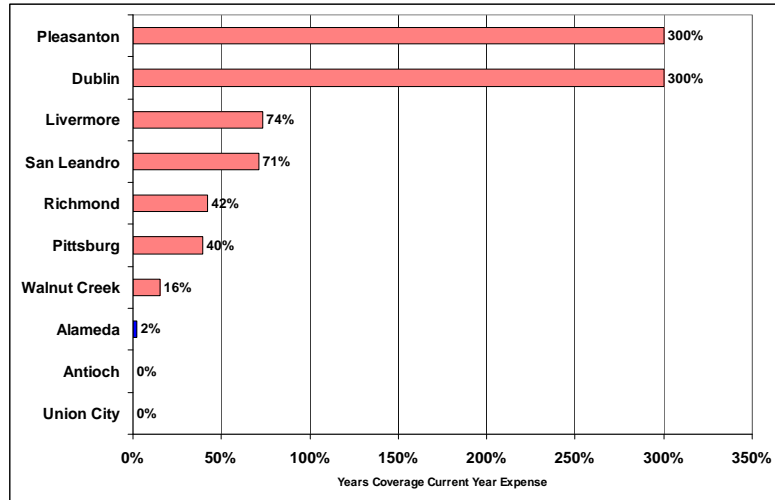


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Funding Policies FY09-10 - Facility Maintenance Reserves

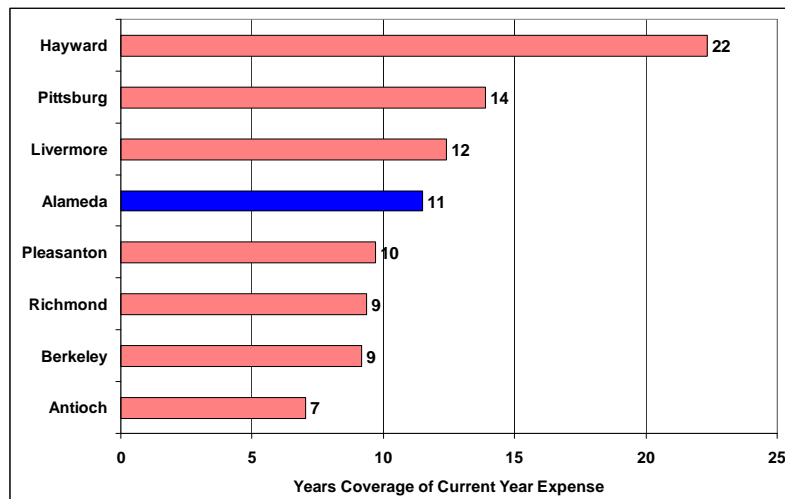


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Funding Policies FY09-10 - Sewer Fund Reserves

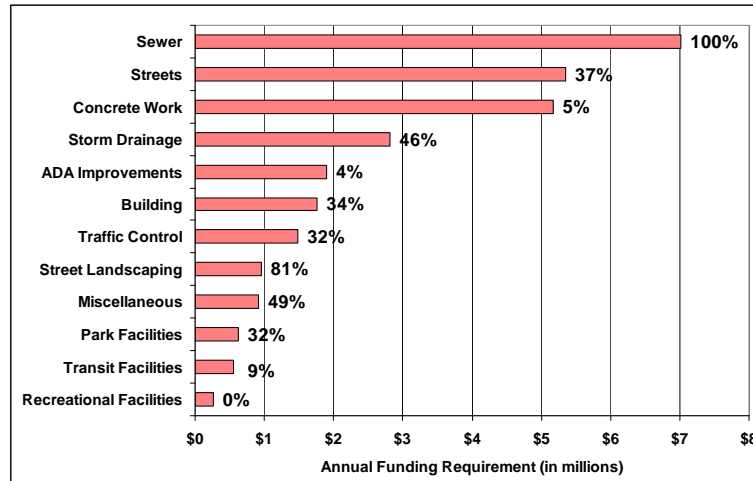


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Annual Funding Policies FY11-12 - City Infrastructure Needs / % Funded



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Next Steps

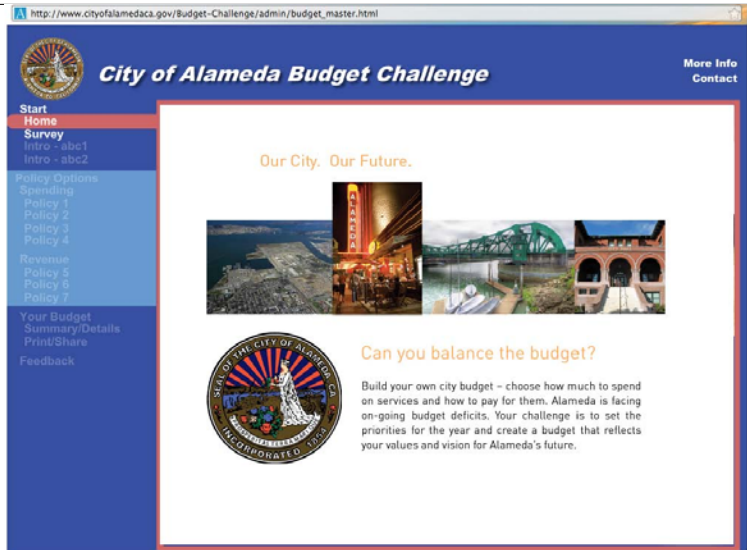
Feb. 2012	Mid-year review and Council direction on FY12-13 budget framework
Feb-Mar 2012	Assistant City Manager and Finance staff review of department budget proposals
April 2012	Council budget workshop
May 2012	Council budget workshop
June 2012	Council budget adoption

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Budget Challenge



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City of Alameda General Fund Budget Study Session October 25, 2011



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Item No.	Infrastructure Description and Historic Funding Sources	Total Cost	Lifespan or Frequency (Years)	Average Annual Cost	Average Annual Amount Funded	% Funded	Unfunded Annual Amount (Difference)
STREETS - Monies from Measure B, Gas Tax, CIT, GF and Grants							
1A	Pavement/Streets - Slurry (assumes 20 years)	\$ 10,000,000	5	\$ 2,000,000			
1B	Pavement/Streets - Overlay - routine	40,000,000	20	2,000,000			
1C	Pavement/Streets- Overlay non-routine	15,000,000	20	750,000			
1D	Pavement/Streets - Reconstruction	12,000,000	20	600,000			
	STREETS TOTALS	\$ 77,000,000		\$ 5,350,000	\$ 2,000,000	37%	\$ 3,350,000
CONCRETE WORK - Monies from Measure B, CIT and GF							
2A	Sidewalk - Based on annual tags	\$ 9,100,000	2	\$ 4,550,000	\$ 250,000		\$ 4,300,000
2B	Curb & Gutter (Replace for ponding and lifting)	1,680,000	3	560,000			
2C	Driveways	180,000	3	60,000			
	CONCRETE WORK TOTALS	\$ 10,960,000		\$ 5,170,000	\$ 250,000	5%	\$ 4,920,000
STREET LANDSCAPING - Monies from CIT and GF							
3A	Street Tree Pruning (Mature)	\$ 1,500,000	5	\$ 300,000	\$ 300,000		\$ -
3B	Street Tree Pruning (Young)	150,000	1	150,000	70,000		80,000
3C	Street Tree Planting	90,000	1	90,000	25,000		65,000
3D	Street Tree Removal	30,000	1	30,000	30,000		-
3E	Median Landscape Maintenance	7,800,000	20	390,000	350,000		40,000
	STREET LANDSCAPING TOTALS	\$ 9,570,000		\$ 960,000	\$ 775,000	81%	\$ 185,000
RECREATIONAL FACILITIES - Monies from DUT, CIT and GF							
4A	Tennis Court Resurfacing	\$ 480,000	5	\$ 96,000			
4B	Basketball Court Resurfacing	130,000	7	18,571			
4C	Pool Resurfacing	375,000	20	18,750			
4D	Pool Filters	1,500,000	20	75,000			
4E	Bike Paths (Class 1)	231,000	20	11,550			
4F	Play Lots	1,105,000	30	36,833			
	RECREATIONAL FACILITIES TOTALS	\$ 3,821,000		\$ 256,705	\$ -	0%	\$ 256,705
PARK FACILITIES - Monies from DUT, CIT and GF							
5A	Park - Playing Fields (including irrigation)	\$ 10,500,000	20	\$ 525,000	\$ 100,000		
5B	Park Pathways	875,000	20	43,750	-		
5D	Park Tree Planting	22,500	5	4,500	5,000		
5E	Park Tree Pruning and Removal	265,000	5	53,000	50,000		
5F	Park Pathway Lighting	430,000					
	PARK FACILITIES TOTALS	\$ 12,092,500		\$ 626,250	\$ 155,000	25%	\$ 471,250

Item No.	Infrastructure Description and Historic Funding Sources	Total Cost	Lifespan or Frequency (Years)	Average Annual Cost	Average Annual Amount Funded	% Funded	Unfunded Annual Amount (Difference)
BUILDINGS - Monies from DUT, CIT, GF, Sewer, Urban Runoff, etc. (Depends on building and its use)							
6A	Park Buildings/Restrooms	\$ 2,100,000	20	\$ 105,000	\$ 25,000		
6B	Other City Buildings	33,000,000	20	1,650,000	575,000		
	BUILDING TOTALS	\$ 35,100,000		\$ 1,755,000	\$ 600,000	34%	\$ 1,155,000
TRAFFIC CONTROL DEVICES - Monies from Measure B, CIT and Gas Tax							
7A	Traffic Signal Upgrades	\$ 3,080,000	10	\$ 308,000	\$ 50,000		
7B	Traffic Signal Painting - poles/controller boxes	231,000	3	77,000	75,000		
7C	Traffic Signal LED Replacement	385,000	7	55,000	50,000		
7D	Striping (including new striping request)	2,580,000	5	516,000	180,000		
7E	Signs	3,200,000	10	320,000	100,000		
7F	Inpavement Light System	770,000	20	38,500			
a)	Stargell ~ 5th Street to Webster Street (Incl. Portion of MSL)						
b)	Webster Street (Stargell to Atlantic)						
c)	Mariner Square Loop ~ Mitchell to Stargell						
7G	Inpavement Lights	162,000	7	23,143			
7H	Curb Painting	150,000	1	150,000	25,000		
	TRAFFIC CONTROL DEVICES TOTALS	\$ 10,558,000		\$ 1,487,643	\$ 480,000	32%	\$ 1,007,643
ADA - Monies from DUT, CIT, GF, Sewer, Urban Runoff, etc. (Depends on building and its use)							
8A	ADA Streets	\$ 20,000,000	20	\$ 1,000,000			
8B	ADA Buildings	9,000,000	10	900,000	80,000		
	ADA TOTALS	\$ 29,000,000		\$ 1,900,000	\$ 80,000	4%	\$ 1,820,000
TRANSIT FACILITIES - Monies Available from Measure B							
9A	Bus Shelter	\$ 450,000	1	\$ 450,000	\$ 45,000		
9B	Bus Stop	525,000	5	105,000	3,000		
9C	Bus Benches	16,000	7	2,286	2,000		
	TRANSIT FACILITIES TOTALS	\$ 991,000		\$ 557,286	\$ 50,000	9%	\$ 507,286

Item No.	Infrastructure Description and Historic Funding Sources	Total Cost	Lifespan or Frequency (Years)	Average Annual Cost	Average Annual Amount Funded	% Funded	Unfunded Annual Amount (Difference)
STORM DRAINAGE - Monies available from Urban Runoff							
a)	Stargell ~ 5th Street to Webster Street (Incl. Portion of MSL)						
b)	Webster Street (Stargell to Atlantic)						
c)	Mariner Square Loop ~ Mitchell to Stargell						
10A	Storm Drainage Rehabilitation	\$ 200,000,000	75		\$ 1,000,000		
10B	Storm Capacity Enhancements	64,000,000					
10C	Storm Pump Station	10,000,000	50		60,000		
10D	Outfalls	6,200,000	50		250,000		
	STORM DRAINAGE TOTALS	\$ 280,200,000		\$ 2,821,311	\$ 1,310,000	46%	\$ 1,511,311
SEWER - Monies available from Sewer Funds							
11A	Sewer Rehabilitation (1/2 of total)	\$ 489,720,000	75	\$ 6,529,600	\$ 6,000,000		
11B	Sewer Pump Station	21,500,000	50	480,000	1,000,000		
	SEWER TOTALS	\$ 511,220,000		\$ 7,009,600	\$ 7,000,000	100%	\$ 9,600
MISCELLANEOUS - Monies from CIT, Urban Runoff, AMP, Parking Meter Fund, etc. (Depends on project)							
c)	Irrigation Maintenance						
d)	Water Fees						
e)	Electrical Charges						
f)	5th Street - Mitchell to Stargell						
g)	Stargell Avenue (Tinker) - 5th to Webster						
h)	Mitchell Street - Mariner Square Loop to West End of Project						
12A	Marine Facilities	\$ 13,710,000		\$ 342,750			
12B	Bridges	1,000,000	10	100,000			
12C	Parking Lots	420,000	20	21,000			
12D	Parking Structure						
12E	Street Lights - Replace Historic	975,000	30	32,500	\$ 32,500		
12E	Street Lights - Painting	1,830,000	5	366,000	366,000		
12F	Parking Meter	Unknown		50,000	50,000		
	MISCELLANEOUS TOTALS	\$ 15,130,000		\$ 912,250	\$ 448,500		\$ 463,750
	GRAND TOTALS	\$ 995,642,500		\$ 28,806,044	\$ 13,148,500		\$ 15,657,544

